

2012 Seattle City Council Green Sheet

Approved

Tab	Action	Option	Version
71	1	A	1

Budget Action Title: Adopt Resolution 31333, providing Council approval of the SCERS interest rate

Councilmembers: Budget Committee

Staff Analyst: John McCoy

Council Bill or Resolution: Res. 31333, Tab 30 in gray notebook

Budget Committee Vote:

Date	Result	SB	BH	SC	TR	JG	NL	RC	TB	MO
11/10/2011	Pass 7- 2-Absent	Y	Y	Y	Y	Y	-	-	Y	Y

Budget Action description:

This green sheet would adopt a resolution approving interest rates for 2012 set by the Seattle City Employees' Retirement System (SCERS) Board of Administration. The Seattle Municipal Code gives the Board the power to set and adjust the interest rate that the system pays on member contributions, subject to City Council approval. SCERS currently pays 5.75% interest, compounded annually. Under the new rate, contributions received on or before December 31, 2011 would continue to earn 5.75%. Contributions received after that date would earn 4.47% for 2012. The Board chose to peg the 2012 rate to an average of recent yields on 30-year U.S. Treasury bonds, plus 0.25%. The SCERS Board also declared its intent to review and adjust the rate annually, and all contributions received after December 31, 2011 would be subject to the annually adjusted rate.

The new interest rate is expected to lower the City's required contributions by 0.26% of payroll in 2012. These savings will grow incrementally in later years, as greater and greater shares of the system's accumulated contributions are subject to the new rate. A related green sheet adjusts retirement contributions citywide to reflect the 2012 savings.